



## What the 2001 Medical Expenditure Panel Survey (MEPS) Reveals About Employer Based Health Insurance Coverage

### Introduction

According to the 2001 federal Medical Expenditure Panel Survey (MEPS), private-sector employer sponsored insurance (ESI) was widely available in Connecticut, particularly in comparison with the rest of the United States. From 1996 to 2001, the number of Connecticut businesses that offered ESI and their share of employees increased (14 percent and 2 percent, respectively). While employee eligibility increased, fewer employees enrolled; consequently, the overall percentage of enrolled private-sector employees dropped. This decrease may be attributable to decliners having coverage through a spouse or partner, a parent, or a public program. Over the six-year period, the share of employees enrolled in ESI remained relatively steady, at approximately 60 percent.

Compared with the nation as a whole, Connecticut employees were more likely to work in establishments that offered health insurance benefits, be eligible for coverage, and enroll in a health insurance plan through their employer (Table 1).<sup>1</sup>

Table 1: Summary Statistics of Private-Sector ESI, 2001

	CT	US
Employees in ESI offering establishments	93%	89%
Employees eligible for ESI coverage	76%	69%
Employees enrolled in ESI	61%	55%
Premiums		
Single coverage	\$ 3,260	\$ 2,889
Employee-plus-one coverage	\$ 6,293	\$ 5,463
Family coverage	\$ 8,788	\$ 7,509
Contributions		
Single coverage	\$ 629	\$ 498
Employee-plus-one coverage	\$ 860	\$ 1,070
Family coverage	\$ 2,112	\$ 1,741

### MEPS

MEPS is sponsored by the federal Agency for Healthcare Research and Quality (AHRQ) to generate estimates of the extent of public and private health insurance coverage among households, to gauge healthcare service utilization, and evaluate the cost of private health insurance for employers and employees. MEPS and its predecessor (the National Medical Expenditure Survey) have been conducted since 1987 and these data are utilized for trend analysis, particularly in examining the influence of market forces and public policy changes upon healthcare costs and utilization.

MEPS is composed of four separate surveys: the Household, Nursing Home, Medical Provider, and Insurance Components. Data used in this report were drawn from the Insurance Component. This component includes interview data from a representative sample of employers, which provides state-specific estimates of the availability of employer-sponsored health insurance and its cost.<sup>2</sup> It also includes a sample of the employers of Household Component participants, not used in this report. The Census Bureau collects Insurance Component data.

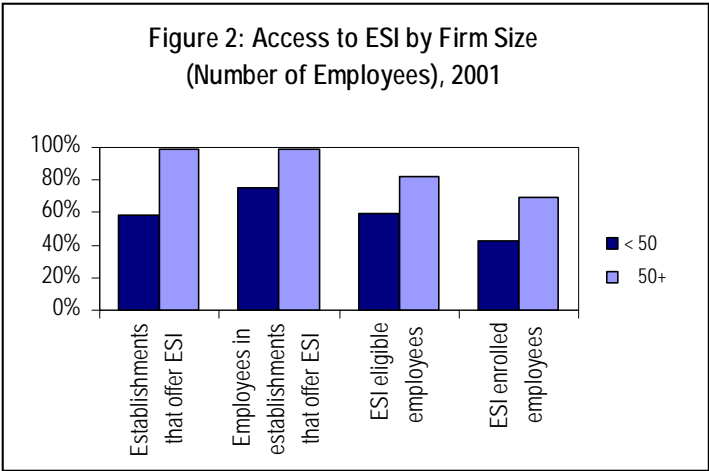
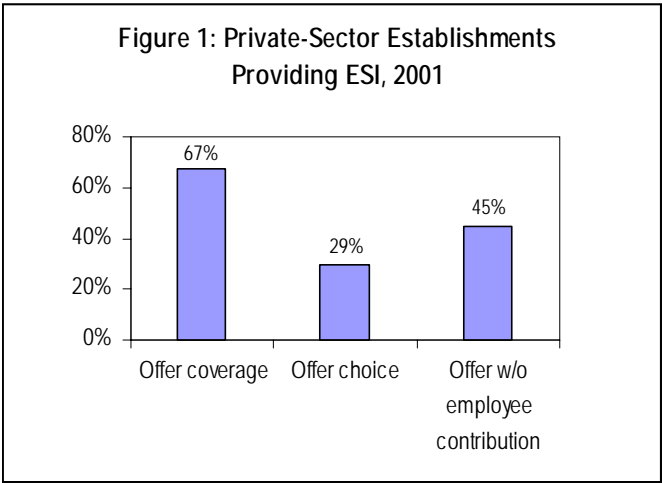
Although the exact Connecticut MEPS-IC sample size is considered confidential, approximately 800 public and private establishments were surveyed, with an estimated 75 percent response rate, creating a representative sample of Connecticut's employers.

However, average health insurance premiums for single person, family, and employee-plus-one plans were more expensive for Connecticut workers, and consequently their average contributions were also greater for all but employee-plus-one plans. In Connecticut as well as nationally, full-time employees, higher wage workers, those employed by large firm<sup>3</sup> establishments, and those in the manufacturing/mining sector had greater access to employer based healthcare insurance and were more likely to enroll.<sup>4</sup> These findings are similar to those from Connecticut’s 2001 OHCA Household Survey and 2001 Department of Economic and Community Development (DECD) Connecticut Business Quarterly Survey.<sup>5</sup>

### Access to ESI and Establishment Characteristics

In 2001, most Connecticut businesses offered healthcare benefits to at least some of their employees, and required an average

waiting period of seven weeks for those eligible (Figure 1). Slightly less than one-third of employers that provided healthcare benefits offered choice between two or more plans. Nearly half of all Connecticut businesses offered at least one plan that did not require an employee contribution for single coverage, and just over one quarter did so for family plans. Although most establishments offered ESI, various establishment characteristics were correlated with access to and eligibility for coverage. (See Appendix A for distributions of the private sector by firm size, industry, ownership type and wage quartile.)



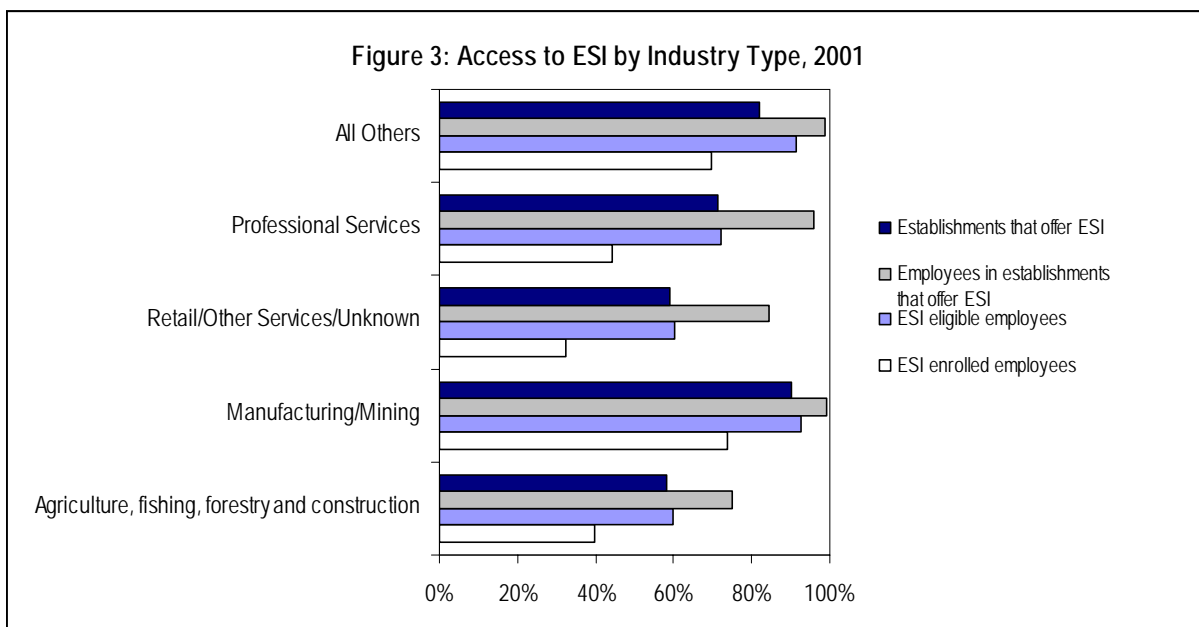
### Firm Size

Nearly all of Connecticut’s large firm establishments (50+ employees) offered health insurance coverage as a benefit to at least some of their employees, but far fewer small firm establishments did so (Figure 2). In particular, the smallest firm establish-

ments (<10 employees) were considerably less likely to offer healthcare benefits (49 percent) than others. Additionally, large firm establishment employees were much more likely to be eligible for their employer's coverage and to enroll. Furthermore, most large firm establishments that provided healthcare benefits offered employees a choice between two or more plans (69 percent), while few smaller employers did so (12 percent).

### Industry Type

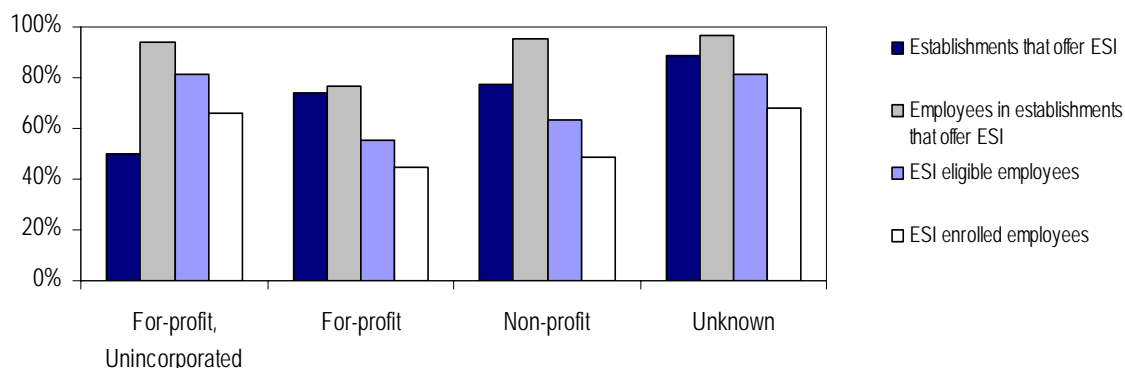
Manufacturing/mining employees had much greater access to ESI than service/retail or construction/agriculture workers (Figure 3). Service/retail establishments are more likely to employ full-time students, retirees, or part-time working mothers, people who may have ESI through another family member or a publicly-funded insurance program. Much of their labor force may also be part-time, and thus less likely to be eligible for coverage.



### Firm Ownership

Three-quarters of all corporations and non-profit organizations offered health insurance coverage, compared to only one-half of unincorporated for-profit firm establishments (Figure 4, page 4). Although most corporate and non-profit employees worked in establishments that offered coverage, far fewer non-profit workers were eligible for their employers' insurance benefits.

Figure 4: Access to Healthcare Coverage by Ownership Type, 2001



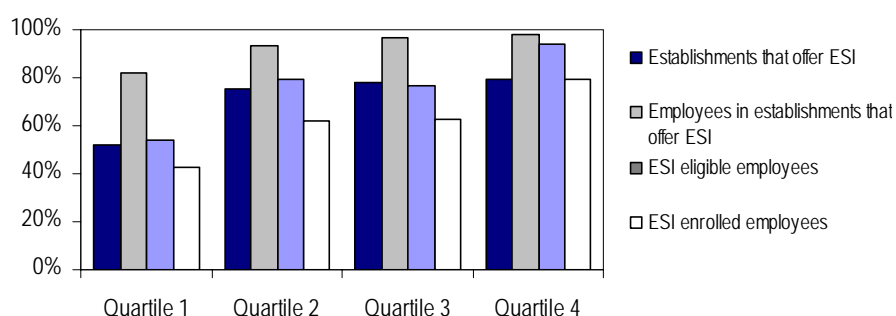
Therefore, a significantly higher share of all corporate employees had ESI than those in non-profits and unincorporated for-profits.

#### *Establishments' Average Wages*

Average wages were related to access to ESI, as just over half of the lowest wage establishments offered healthcare benefits, compared to nearly 80 percent of the other establishments (Figure 5).

In addition, employees of higher wage establishments were more likely to be eligible for and to enroll in their employer's insurance plan. Consequently, employees of the highest paying establishments were twice as likely to have ESI through their employer than those in the lowest paying establishments.

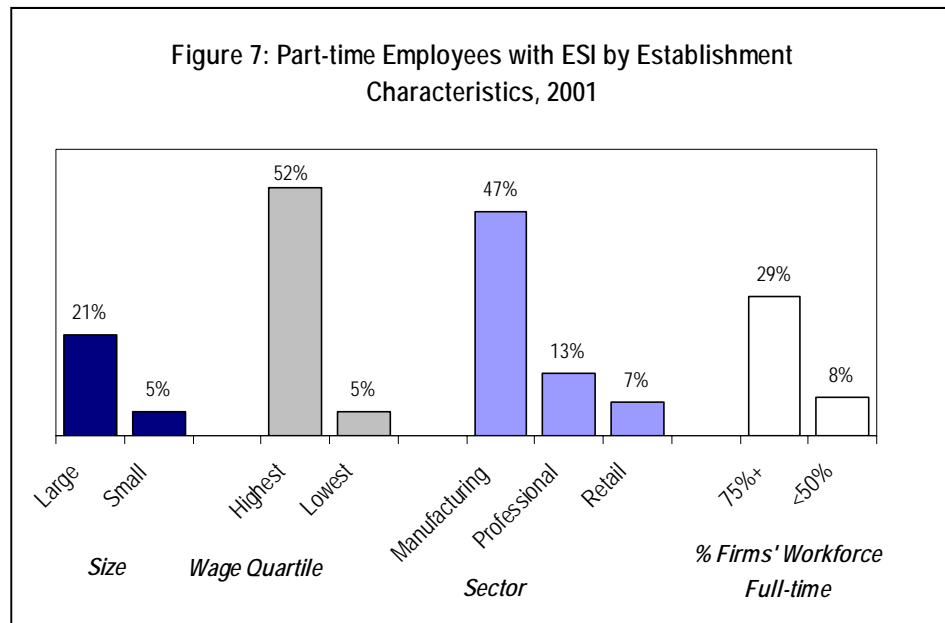
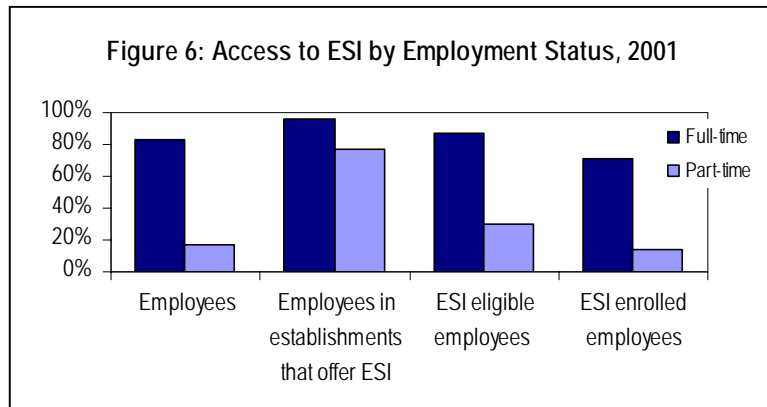
Figure 5: Access to ESI by Employee Average Wage Quartile, 2001



### Part-time and Full-time Status and ESI

Employment status was strongly related to ESI, as full-time workers were more likely than part-time employees to have access to coverage.<sup>6</sup> Nearly all full-time employees worked for establishments that offered ESI and their probability of being *eligible* for coverage was three times greater than for part-time workers (Figure 6). As a result, full-time employees were five times as likely to *have* ESI.

Part-time status was clearly a barrier to ESI for many employees.<sup>7</sup> Additionally, part-time workers' access to healthcare coverage was influenced by their employer type (Figure 7). Greater than average shares of part-time workers were employed by small firm establishments (44 percent), establishments with the lowest average wages (48 percent), retail businesses (62 percent), and establishments with a majority of part-time labor (50 percent or more). These business types were all less likely than others to offer healthcare benefits to any employees, and those that did offer ESI were more restrictive toward part-time workers.



## Premium Cost and Employee Contribution

Among people who enrolled in ESI, slightly more had single coverage (40 percent) than family (37 percent) or employee-plus-one plans (22 percent). Naturally, average premiums and employee contributions were lowest for single person coverage (Table 2).

Table 2: Average ESI Premium Costs and Employee Contributions by Type of Coverage, 1996 and 2001

Type of Coverage	Premiums (\$)			Employee Contributions (\$)			Employee Share of Premium (%)		
	1996	2001	% Change	1996	2001	% Change	1996	2001	% Change in share
<b>Single</b>	2,562	3,260	27	450	629	40	18	19	10
Exclusive-provider	2,601	3,053	17	406	630	55	16	21	32
Mixed-provider	2,499	3,261	30	531	586	10	21	18	-15
Any-provider	2,681	3,959	48	285	833	192	11	21	98
<b>Employee-Plus-One*</b>	-	6,293	-	-	860	-	-	14	-
<b>Family</b>	5,706	8,781	54	1,164	2,112	81	20	24	18
Exclusive-provider	5,522	8,577	55	1,095	2,384	118	20	28	40
Mixed-provider	5,737	8,702	52	1,263	1,850	46	22	21	-3
Any-provider	6,073	9,782	61	906	2,994	231	15	31	105
<b>Overall Average</b>	<b>4,173</b>	<b>6,185</b>	<b>48</b>	<b>762</b>	<b>1,431</b>	<b>88</b>	<b>10</b>	<b>22</b>	<b>120</b>

\* MEPS began collecting data on this plan in the 2001 survey year.

Single coverage was most widespread in smaller, non-profit, unincorporated for-profit, or low wage establishments. Family premiums and employee contributions were respectively 1.7 and 2.4 times greater than for single coverage. Employees paid for a greater share of the cost of family premiums (24 percent) than for single coverage (19 percent). Employees in manufacturing establishments were the most likely to enroll in family coverage (46 percent). Within single and family coverage, premiums and employee contributions varied depending upon the degree of employee provider choice within a plan. The least expensive plans were the restrictive exclusive-provider plans, more expensive were mixed provider plans, and the most expensive were the any-provider plans.<sup>8</sup>

In addition to provider choice, firm size also influenced average premiums and employee contributions. While average premiums for single, employee-plus-one, and family coverage were slightly higher for small firm establishments (5, 2 and 9 percent), small firm establishment average employee contributions for these plans were one-half to twice as large as those in larger businesses (45, 114, and 73 percent). The 2001 Connecticut

Business Quarterly Survey also found that larger firms were more likely to offer less expensive coverage alternatives to their employees.<sup>9</sup> Nationally, small firms often must pay higher premiums and administrative costs because they lack the purchasing power and administrative resources of larger firms.<sup>10</sup> Over the last several years, premiums have risen more rapidly for small firms, with an increase of nearly 15 percent in 2001 and 18 percent in 2002.<sup>11</sup> Although smaller firms had higher average premiums and employee contributions, they were more likely than larger firms to offer single (34 versus 16 percent) and family (27 versus 5 percent) coverage that did not require any employee contribution.

Other establishment characteristics, such as type of business, corporate status, firm age and wage patterns, were related to the cost of ESI. For example, retail and other service establishments generally had the lowest premiums costs, however, their employee contributions were among the highest, except for the least restrictive any-provider plans. Non-profits had the highest premiums yet required the lowest employee contributions for single and family ESI compared with incorporated and unincorporated firms or any other firm characteristics (e.g. size, industry, etc.). Newer firms and those with a majority of low-wage workers had lower average premiums and employee contributions.<sup>12</sup>

### Conclusion

According to 2001 MEPS results, just over 60 percent of the Connecticut labor force had health insurance through an employer. For employees with ESI, slightly more had single than family or employee-plus-one coverage. Average annual employee contributions ranged from \$629 for single coverage to \$2,112 for family coverage (19 percent and 24 percent of total premiums, respectively).

Access to ESI was influenced by employment status and establishment characteristics. Full-time employees were five times as likely to have coverage through their employer than part-time workers. Regardless of employment status, employees were more likely to have ESI in large firm establishments, the manufacturing sector, and establishments that had higher average wages.

*In 2004, OHCA will publish the results of its 2004 Household and Employer Surveys of health insurance coverage. These findings will provide updated estimates of Connecticut's uninsured, and a picture of how demographic and employment factors affect access to healthcare coverage.*

*The 2004 results will also be compared with the results of the 2001 Household Survey, 2001 DECD Connecticut Business Quarterly Survey, and 2001 MEPS to identify recent health insurance trends.*



**Appendix A:**  
**Private Sector Establishments and Employees**  
**by Firm Size, Industry Type, Ownership and**  
**Average Wage Quartile, 2001**

	Establishments	Employees
<b>Firm Size</b>		
< 50	79%	28%
50+	21%	72%
<b>Industry</b>		
Agriculture, fishing, forestry	11%	3%
Manufacturing/Mining	7%	20%
Retail/Other	45%	34%
Professional Services	23%	21%
All Others	15%	22%
<b>Ownership</b>		
For profit	56%	72%
For profit, Unincorporated	30%	11%
Nonprofit	11%	12%
Unknown	2%	5%
<b>Wage Quartile</b>		
Quartile 1	41%	25%
Quartile 2	20%	25%
Quartile 3	24%	25%
Quartile 4	16%	25%

Note: Percentages may not add up to 100 percent due to rounding.

This table gives an overview of Connecticut's private sector, providing a perspective on the relationships between establishments' characteristics and the prevalence of ESI discussed in this brief. For example, small firm establishments were less likely to offer ESI and were an overwhelming majority of establishments, however they employed just over one-quarter of all private-sector employees.

Large firm establishments made up just a little over 20 percent of the state's private sector but employed the majority of its labor -- almost three-quarters.

Retail/Other services was the state's largest industry, encompassing 45 percent of establishments and one-third of the labor force. The industry with the smallest share of establishments (7 percent), manufacturing and mining, however, employed one of every five workers. The agriculture, fishing and forestry industry accounted for 11 percent of the establishments but was the smallest employer (3 percent).

For-profit establishments made up 86 percent of Connecticut's private sector and employed 83 percent of its labor. Among for-profit establishments, the majority were corporations which employed nearly three-quarters of the state's workforce.

## NOTES

<sup>1</sup>"Establishment" refers to a particular workplace or physical location where business is conducted or services or industrial operations are performed.

<sup>2</sup>Due to cost, annual state-specific estimates are limited to 40 states, with some included on a rotating basis. See <http://www.meps.ahrq.gov> for more details.

<sup>3</sup>"Firm" refers to a business entity consisting of one or more business establishments under common ownership or control.

<sup>4</sup>2001 Employer-Sponsored Health Insurance Data. Private-Sector Data by Establishment Size, Industry Group, Ownership, Age of Establishment, and Other Characteristics. September 2003. Agency for Healthcare Research and Quality, Rockville, MD. <http://www.meps.ahrq.gov/mepsdata/ic/2001/index101.htm> and Somers, "Statistical Brief #25: Employer-Sponsored Health Insurance Characteristics by Average Payroll for the Private Sector in 2001." <http://www.meps.ahrq.gov/papers/st25/stat25.pdf>

<sup>5</sup>See OHCA Issue Brief "Who are the Uninsured? Characteristics of Uninsured Workers in Connecticut." <http://www.ohca.state.ct.us/Publications/UninsuredBrief4.pdf>

<sup>6</sup>"Full-time" refers to employees working at least 35 hours per week.

<sup>7</sup>"Part-time employees" included all people on the actual payroll except for temporary and contract workers

<sup>8</sup>Exclusive-provider plan: covered person must receive all non-emergency care within a network of providers associated with the plan in order for costs to be covered (e.g. Health Maintenance Organization). Mixed-provider plan: allows covered person to go to any provider but there is a cost incentive to stay within a network of plan-associated providers (e.g., Preferred Provider Organization or Point of Service plan). Any-provider plan: allows covered person to go to any provider without any cost incentives to use a particular network of affiliated providers (e.g., conventional indemnity plans).

<sup>9</sup>OHCA, "Who are the Uninsured? Characteristics of Uninsured Workers in Connecticut," (January 2003).

<sup>10</sup>Ferry, et. al., "Health Insurance Expansions For Working Families: A Comparison Of Targeting Strategies," Health Affairs (July/August 2002).

<sup>11</sup>Center for Studying Health Systems Change, "Cutting Back But Not Cutting Out: Small Employers Respond to Premium Increases," (Issue Brief No. 56, October 2002) and Levick, "Health Care Cost Hikes Push Premiums Up," Hartford Courant (December 13, 2002).

<sup>12</sup>Newer establishments refer to those five years or younger.